




J. TYLER McCAULEY
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-2766
PHONE: (213) 974-8301 FAX: (213) 626-5427

September 19, 2003

TO: Supervisor Yvonne Brathwaite Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley
Auditor-Controller 

SUBJECT: **DEPARTMENT OF COMMUNITY AND SENIOR SERVICES: FISCAL
YEAR 2002-03 FISCAL MONITORING OF DOMESTIC VIOLENCE
PROGRAM SERVICE PROVIDERS**

At the request of the Department of Community and Senior Services (CSS), we engaged Simpson & Simpson, Certified Public Accountants (Simpson), to conduct fiscal monitoring of the 42 contractors that provided domestic violence services for CSS for Fiscal Year (FY) 2002-03. CSS allocated approximately \$13.2 million to the 42 contractors to provide domestic violence services during this period.

REVIEW SUMMARY

Simpson has completed its monitoring reviews and has reported the findings for each service provider to CSS and to the respective service providers. During the reviews Simpson noted the following significant findings:

- Ten (24%) of the 42 contractors did not properly record or document in-kind matches amounting to \$258,648.
- Twenty-one (50%) of the 42 contractors did not have a cost allocation plan to support \$701,309 in costs allocated to the Domestic Violence program.
- Six (14%) of the 42 contractors billed a total of \$26,447 in expenditures that could not be supported with appropriate documentation.
- Nine (21%) of 42 contractors billed \$29,912 in purchases of fixed assets or discretionary expenditures without obtaining County approval prior to the purchase, as the contractors are required to do.

- Eight (19%) of the 42 contractors billed \$56,274 in expenditures not recorded in the contractor's accounting records.
- Eight (19%) of 42 contractors were not meeting their County contract in-kind match requirement.

Attachment I is a summary of Simpson's significant findings by contractor.

REVIEW OF REPORT

CSS is responsible for ensuring service providers correct noted findings including the resolution of the contractors' documentation and reporting of in-kind services. CSS is also responsible for the coordination of technical assistance and training to the service providers on an as needed basis.

Simpson's management letter (Attachment II) included one recommendation regarding CSS' contract administration. The recommendation related to the lack of adequate understanding of fiscal requirements by the service providers. CSS' response to the management letter is included in Attachment III.

All reports were discussed with CSS and the service providers. Because of the number of service providers, copies of individual reports are not enclosed, but are available for your review upon request.

Please call me or have your staff call DeWitt Roberts at (626) 293-1101 if you wish to review any reports.

JTM:DR:JK
Attachments

C: David E. Janssen, Chief Administrative Officer
Department of Community and Senior Services
Robert Ryans, Director
Roseann Donnelly, Acting Program Manager
Violet Varona-Lukens, Executive Officer
Public Information Office
Audit Committee

Department of Community and Senior Services
Fiscal Monitoring of Domestic Violence Program Service Providers
Fiscal Year 2002-03

Attachment 1
Page 1

No.	Service Provider	Recommendations		Significant Findings (See page 4 for explanation)					
		Number	Implemented	A	B	C	D	E	F
1	1736 Family Crisis Ctr.	6	1	\$42,435	\$231,265				
2	Akila Concepts, Inc.	7	1	\$23,093	\$9,088	\$9,048			
3	Antelope Valley Domestic Violence	3	1	\$36,716	\$687				
4	Asian Pacific American Legal Center	4	4					\$5,318	
5	Association to Aid Victims of Domestic Violence	2	2						
6	Bienvenidos Children's Center, Inc.	3	2		\$1,562				(1)
7	Center for Pacific Asian Family, Inc	1	1	\$23,462					
8	Chicana Service Action Center, Inc.	3	1		\$12,699				(1)
9	Children's Institute International	3	1				\$802		(1)
10	Community Counseling Service of Los Angeles	1	1						
11	Community Legal Services of Los Angeles	1	1						
12	East Los Angeles Women's Center	2	2						
13	Foothill Family Service	2	1						
14	Harriet Buhai Center for Family Law	3	3						
15	Haven Hills, Inc.	3	2		\$9,292		\$1,071		(1)
16	Haven House, Inc.	0	0						

Department of Community and Senior Services
Fiscal Monitoring of Domestic Violence Program Service Providers
Fiscal Year 2002-03

Attachment I
Page 2

No.	Service Provider	Recommendations		Significant Findings (See page 4for explanation)					
		Number	Implemented	A	B	C	D	E	F
17	Helpline Youth Counseling, Inc.	3	2						(1)
18	House of Ruth, Inc.	1	1				\$1,652		
19	Human Services Association	1	1						
20	Institute for Multicultural Counseling & Education Services	3	0		\$30,296		\$67		
21	Interval House	2	1		\$3,220				
22	Jenesse Center, Inc.	7	0		\$179,569	\$71	\$117	\$12,131	
23	Jewish Family Services of Los Angeles	2	0		(1)				
24	Legal Aid Foundation of Los Angeles	3	1		\$21,475			\$11,895	
25	Los Angeles Center for Law and Justice	5	4	\$32,235	\$1,050				
26	MJB Transitional Recovery, Inc.	5	2				\$12,500		(1)
27	National Council On Alcoholism and Drug Dependence	6	2	\$33,936	\$10,000	\$723	\$1,440		
28	Neighborhood Legal Services of Los Angeles County – NLS	0	0						
29	Ocean Park Community Center	0	0						
30	Peace and Joy Care Ctr.	12	7	\$35,895	\$28,953	\$16,066	\$9,610	\$9,626	

Department of Community and Senior Services
Fiscal Monitoring of Domestic Violence Program Service Providers
Fiscal Year 2002-03

Attachment I
Page 3

No.	Service Provider	Recommendations		Significant Findings (See page 4for explanation)					
		Number	Implemented	A	B	C	D	E	F
31	Project: Peacemakers.	5	3		\$12,075			\$1,461	(1)
32	Prototypes	1	1						
33	Rainbow Services, Ltd.	5	2		\$68,124				
34	San Fernando Valley Community Mental Health Center, Inc.	3	3	(1)					
35	San Pedro Community Legal Services	7	3	(1)	(1)	\$467		\$1,875	
36	Santa Anita Family Service	8	3			\$72		\$4,860	(1)
37	Southern California Alcohol and Drug	1	1						
38	Su Casa Family Crisis & Support Center	5	3		\$30,298				
39	Women & Children's Crisis Center	2	1	\$30,876					
40	Women Shelter of Long Beach	1	0		\$21,191				
41	YWCA of Glendale Domestic Violence Project	6	2		\$6,632		\$2,653	\$9,108	
42	YWCA of San Gabriel Valley	3	1		\$23,833				
Total		141	68	\$258,648	\$701,309	\$26,447	\$29,912	\$56,274	

**Department of Community and Senior Services
Fiscal Monitoring of Domestic Violence Program Service Providers
Fiscal Year 2002-03**

**Attachment 1
Page 4**

Legend:

- A Did not properly record or document in-kind matches.
- B Did not have a cost allocation plan to support costs allocated to the Domestic Violence program.
- C Expenditures could not be supported with appropriate documentation.
- D Purchases of fixed assets or discretionary expenditures without obtaining County approval prior to purchase.
- E Expenditures billed are not recorded in contractor's accounting records.
- F Contractor did not meet the in-kind match required in its County contract.
- (1) Simpson did not report a dollar value.



Attachment II

3000 WILSHIRE BOULEVARD, SUITE 1710
LOS ANGELES, CALIFORNIA 90010
TELEPHONE (213) 736-8864
FAX (213) 736-9882

Mr. J. Tyler McCauley
Auditor-Controller
525 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012-2766

In planning and performing our fiscal monitoring of the Domestic Violence (DV) service providers for the Department of Community and Senior Services (CSS) for the 2002-2003 program year, we noted certain matters involving CSS' internal control structure relating to accounting and contract administration that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants.

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report DV program grant expenditures.

Our observation and recommendation is presented in Exhibit I.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the DV program grant expenditures may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

The scope of our engagement was limited to monitoring DV service providers and did not include considering and providing assurance on CSS' internal control structure. Such monitoring would not disclose all matters in CSS' internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the condition described in Exhibit I is a material weakness.

This report is intended solely for the use of the County of Los Angeles and is not intended to be and should not be used by anyone other than the specified party.

Los Angeles, California
July 2, 2003



The CPA. Never Underestimate The Value.™

EXHIBIT I

Condition # 1 -- Service Providers Not Having Adequate Understanding of Fiscal Requirements

During our monitoring visits, we noticed that many service providers do not have an adequate understanding of the various fiscal requirements of the contract (such as matching and cost allocation) and the necessary documents they need to maintain to be in compliance with the fiscal requirements. We recommend that CSS work closely with the service providers to ascertain that they have an adequate understanding of the applicable fiscal requirements and provide technical assistance if necessary.



ROBERT RYANS
Director

COMMUNITY AND SENIOR SERVICES
OF LOS ANGELES COUNTY

BOARD OF SUPERVISORS

GLORIA MOLINA
YVONNE BRATHWAITE BURKE
ZEV YAROSLAVSKY
DON KNABE
MICHAEL D. ANTONOVICH

September 17, 2003

To: J. Tyler Mc Cauley, Director
Auditor Controller

From: Robert Ryans, Director

Subject: **SIMPSON AND SIMPSON MANAGEMENT LETTER**

Simpson and Simpson recently conducted a review of the internal control structure for Community and Senior Services' Domestic Violence Program. This review covered both the accounting and contract administration of this program. The Department agrees with the recommendation made by Simpson and Simpson in the Management Letter dated July 26, 2003 (see attached) and our response is outlined below.

Simpson and Simpson Recommended that CSS work closely with the service providers to ascertain that they have an adequate understanding of the applicable fiscal requirements and provide technical assistance if necessary. The CSS Domestic Violence fiscal monitor is currently working with all service providers to resolve the fiscal findings for FY 2002-03. The fiscal monitor will continue to provide technical assistance to service providers in order to enhance their understanding and ensure compliance with contract fiscal requirements. These providers have been notified that questionable costs that do not meet the fiscal requirements of their contracts will be withheld from their June 2003 Funding Requisition or Financial Close-Out Report.

The Department will continue to work closely with service providers, Simpson and Simpson and the Auditor-Controller to correct any deficiencies and ensure that only those agencies who provide the highest quality of services are funded for FY 2003-04.

If you have any questions or require additional information, please call me at (213) 738-2617 or Roseann Donnelly, of my staff at (213) 738-2615.

Sincerely,

A handwritten signature in dark ink, appearing to read "Robert Ryans", written over a horizontal line.

ROBERT RYANS, Director

RR: cf

Attachment

Mr. J. Tyler McCauley
Auditor-Controller
525 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012-2766

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Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report DV program grant expenditures.

Our observation and recommendation is presented in Exhibit I.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the DV program grant expenditures may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

The scope of our engagement was limited to monitoring DV service providers and did not include considering and providing assurance on CSS' internal control structure. Such monitoring would not disclose all matters in CSS' internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the condition described in Exhibit I is a material weakness.

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Los Angeles, California
June 26, 2003

EXHIBIT I

Condition # 1 – Service Providers Not Having Adequate Understanding of Fiscal Requirements

During our monitoring visits, we noticed that many service providers do not have an adequate understanding of the various fiscal requirements of the contract (such as matching and cost allocation) and the necessary documents they need to maintain to be in compliance with the fiscal requirements. We recommend that CSS work closely with the service providers to ascertain that they have an adequate understanding of the applicable fiscal requirements and provide technical assistance if necessary.